

Message Text

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PAGE 01 LISBON 00277 111728Z
ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01
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FM AMEMBASSY LISBON
TO SECSTATE WASHDC 9775

LIMITED OFFICIAL USE LISBON 0277

FROM AMBASSADOR CARLUCCI FOR DEPUTY ASSISTANT SECRETARY BARBOUR

E.O. 11652: N/A
TAGS: ECON, ENRG, PO
SUBJECT: PORTUGAL SEEKS FOREIGN MARKETS FOR ITS PETROLEUM PRODUCTS

REF: LISBON 2708

1. GOP HAS BEEN EXTREMELY ANXIOUS TO FIND FOREIGN MARKETS FOR APPROXIMATELY 9 MILLION TONS OF PETROLEUM PRODUCTS WHICH WILL BECOME AVAILABLE FOR EXPORT WHEN THE SINES REFINERY GOES ON STREAM IN LATE 1978 OR EARLY 1979. (FERNANDO VIDEIRA, SECRETARY OF STATE FOR ENERGY AND MINES IN THE 6TH PROVISIONAL GOVERNMENT, DISCUSSED THIS ISSUE DURING HIS VISIT TO WASHINGTON IN MAY 1976.) DURING THE PAST SEVERAL MONTHS, PETROGAL, ON BEHALF OF THE GOP, HAS BEEN DISCUSSING A POSSIBLE CONTRACT WITH MOBIL OIL. MOBIL'S LONDON OFFICE, FOLLOWING A REVIEW OF EUROPEAN PETROLEUM DEMAND AND PROSPECTS, HAS DECIDED THAT IT CANNOT ABSORB ANY OF THE SINES PRODUCT. THIS CONCLUSION BASED LARGELY ON THE FACT THAT MOBIL'S EUROPEAN REFINERIES ARE OPERATING AT ONLY SOME 70 PERCENT OF CAPACITY, AND WILL NOT REACH FULL CAPACITY UNTIL ABOUT 1985.

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PAGE 02 LISBON 00277 111728Z

2. MOBIL'S CONCLUSION MAY REST ONLY ON A STUDY OF THE COMPANY'S EUROPEAN MARKETS WITHOUT SUFFICIENT ATTENTION HAVING BEEN GIVEN TO POSSIBLE OUTLETS IN THE UNITED STATES. EMBASSY HAS BEEN TOLD THAT COMPANY'S U.S. REFINERIES MAY APPROACH CAPACITY BY 1979, THEREBY OBLIGING MOBIL TO IMPORT PETROLEUM PRODUCTS FOR ITS U.S. DISTRIBUTION NETWORK. IF SUCH A POSSIBILITY

EXISTS, PETROGAL REPORTEDLY WOULD BE DISPOSED TO OFFER
A HIGHLY ATTRACTIVE PRICE FOR ITS SALES.

3. ACTION REQUESTED: IF YOU CONCUR, I WOULD APPRECIATE
YOUR CALLING EDWARD L. WAGGONER, GOVERNMENT RELATIONS
MANAGER FOR MOBIL IN NEW YORK, AREA CODE 212, 883-2207,
AND ENCOURAGE HIM TO REVIEW THIS ISSUE WITH THE UNITED
STATES MARKET IN MIND. NEEDLESS TO SAY, SECURING AN
OUTLET FOR SINES' PRODUCTION WILL HAVE A MAJOR IMPACT
ON THE REFINERY'S ECONOMIC VIABILITY AND ON PORTUGAL'S
OVERALL BALANCE OF PAYMENTS.
CARLUCCI

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Message Attributes

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